PET 14 Libya

XRPET 14 Libya

Department of State

TELEGRAM

EXCISE

250

SECRET 5899

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ACTION AF-05

INFO OCT-01 SS-20 E-02 L-02 NSC-10 NSCE-00 INR-06 CIA-01

NSAE-00 RSR-01 RSC-01 EUR-12 /064 W

P 201605Z MAY 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 6293
INFO AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY LONDON

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY ej DATE 8/7/81
PORTIONS DENIED AS INDICATED

S E C R E T TRIPOLI 1055

EXDIS

SUBJ: POSTED PRICE NEGOTIATIONS

REF: TRIPOLI 1019 (NOTAL)

1. SINCE MY MEETING WITH DEPUTY PREMIER JALLUUD MAY 15, I OR MEMBERS OF MY STAFF HAVE MET WITH MANAGERS OF ALL AMERICAN OIL PRODUCING COMPANIES IN LIBYA TO BRIEF THEM ON JALLUUD'S COMMENTS ON POSTED PRICE NEGOTIATIONS. WE HAVE STRESSED THAT JALLUUD:

A) VOLUNTEERED HIS REMARKS ON OIL. SINCE MY MENTION OF OIL NEGOTIATIONS DID NOT REQUIRE DETAILED RESPONSE AT THAT POINT IN OUR CONVERSATION (PARA 6, REFTEL).

B) CLEARLY STATED LARG SOUGHT NEGOTIATED SETTLEMENT;

C) EXPRESSED RCC'S CONCERN OVER COURSE OF NEGOTIATIONS AND STATED HE OR ANOTHER RCC MEMBER WOULD ATTEND FUTURE SESSIONS;

D) ASSERTED LARG HAD NOT CONSIDERED NATIONALIZATION OF OIL COMPANIES;

E) ASKED THAT I CONVEY TO COMPANIES VIEWS HE PRESENTED.

2. COMPANIES HAVE BEEN REASSURED AND RELIEVED BY THIS REPORT, BUT

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SOME REMAIN SKEPTICAL ABOUT LARG'S TRUE INTENTIONS. TO SOME DEGREE, I ALSO AM CONCERNED, SINCE LARG MAY NOT BE SPEAKING WITH ONE VOICE ON OIL NOR BE COORDINATED WITH RESPECT TO NEXT STEPS. JALLUUD REPEATED PRICE COMMITTEE CHAIRMAN MAGHRABI'S POSITION THAT LARG SEEKS "CORRECTION" OF POSTED PRICE -- NOT AN INCREASE -- BUT INDICATED AMOUNT OF "CORRECTION" WAS NEGOTIABLE. MAGHRABI HAS YET TO INDICATE HIS FORMULATION OF LARG'S POSITION IS NEGOTIABLE.

3. TO TAKE ADVANTAGE OF OPENING PROVIDED BY JALLUUD'S STATEMENTS TO ME, I BELIEVE COMPANIES SHOULD MOVE TO REOPEN PRICE TALKS WHILE JALLUUD'S COMMITMENTS TO NEGOTIATION AND RCC PARTICIPATION ARE STILL FRESH. I PLAN TO TAKE THIS LINE IN MEETINGS WITH ESSO AND OXY MANAGERS.

4. WE WILL CONTINUE TO KEEP INFORMATION ADDRESSEES INFORMED OF OIL DEVELOPMENTS ALONG LINES OF LONDON 8719 AND STATE 73929. IN THIS CONNECTION, I NOTE THAT ONE COMPANY [redacted] HAS SUGGESTED TO ME THAT USG ENCOURAGE MAJOR CONSUMERS OF LIBYAN OIL TO EXPRESS CONCERN TO LARG ABOUT SECURITY OF THEIR OIL SUPPLIES IN VIEW OF MAGHRABI'S THREAT OF UNILATERAL ACTION (TRIPOLI 981). HOWEVER, I BELIEVE, AS I TOLD [redacted] THAT COORDINATED APPROACH BY CONSUMERS WOULD BE PREMATURE AND MAY BE COUNTER-PRODUCTIVE UNTIL NEGOTIATIONS HAVE BROKEN DOWN AND THREATS HAVE BECOME MORE SPECIFIC. HOWEVER, DEPT MAY WISH TO CONSIDER IF DISCUSSING LIBYAN OIL DEVELOPMENTS WITH FRENCH WOULD BE HELPFUL, IN LIGHT OF REPORTED INTENTION OF MONPET MASRUUKI TO VISIT PARIS FOR TALKS ON OIL COOPERATION WITH GOF BEGINNING MAY 27. GP-4.

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